05

Murray VCT 4 PLC

Annual Report and Financial Statements
Year ended 28 February 2005

Aberdeen

Contents

Financial Calendar

6 July 2005	Annual General Meeting

Dividend Record

	Rate	xd date	Record date	Payment date
Interim dividend	0.5p	10 November 2004	12 November 2004	10 December 2004
Proposed final dividend	0.6p	22 June 2005	24 June 2005	22 July 2005
Total	1.1p			

Corporate Summary

Company profile
Murray VCT 4 PLC is a venture capital trust and a constituent of the FTSE All-Share Index. It has one class of share and was incorporated on 12 January 2000.

Investment objective
The Company aims to achieve long term capital and income growth principally through investment in smaller unquoted companies in the United Kingdom.

Benchmark
There is no meaningful venture capital trust index against which to compare the performance of the Company. Accordingly, the Manager uses peer group comparisons for reporting to the Board.

Capital structure
The Company's issued share capital as at 28 February 2005 consisted of 37,743,567 Ordinary shares of 10p each.

Total assets and Net Asset Value per share
At 28 February 2005, the Company had total assets of £28,556,000 and a Net Asset Value per share of 75.7p.

Continuation date
The Articles of Association require the Directors to put a proposal for the continuation of the Company, in its then form, to Shareholders at the Company's tenth Annual General Meeting, and thereafter at five yearly intervals.

Risk
Investments in smaller unquoted companies carry substantially greater risk than investments in larger companies or in companies listed on the Official List.

The levels and bases of tax reliefs may change.

As the volume of shares traded on the market in the early years of the Company is likely to be small, the shares may trade at a significant discount to Net Asset Value.

Further details of the Company's risk profile are contained in Note 19 to the Financial Statements on pages 45 and 46 and in Tax Position of Individual Investors on page 48.

Management agreement
The Company has an agreement with Murray Johnstone Limited, a subsidiary of Aberdeen Asset Management PLC, for the provision of management and secretarial services. Please refer to pages 21 and 22 for details of the management and secretarial fees payable.

Share dealing
Shares in Murray VCT 4 PLC can be purchased and sold in the open market through a stockbroker.

Your Board

The Board of Directors, all of whom are non-executive and are considered by the Board to be independent of the Manager, supervises the management of Murray VCT 4 PLC and looks after the interests of its Shareholders.

Anthony Whitworth *Chairman*

Status: Independent Non-executive Director
Age: 70
Length of service: He was appointed a Director in January 2000 and Chairman in October 2002.
Relevant experience and other directorships: He has been an independent non-executive director to a wide range of private equity backed businesses for over 10 years. He is currently chairman of a number of private companies including Chilwood Holdings Limited and a director of Westvan (2001) Limited.
Last re-elected to the Board: 8 July 2004
Committee membership: Audit, Management Engagement (Chairman), Nomination (Chairman) and Remuneration.
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 10,000 Ordinary shares

Will Holt *Director*

Status: Independent Non-executive Director (resigned 21 March 2005)
Age: 58
Length of service: He was appointed a Director on 17 April 2003 and resigned on 21 March 2005.
Relevant experience and other directorships: He is a solicitor, now acting as a legal consultant, following 14 years in private practice with major law firms specialising in corporate finance and mergers and acquisitions, including activity in the development capital and private equity sectors. From 1973 to 1985 he was the group secretary of British Vita PLC, a company with UK and international manufacturing interests and, from 1979 to 1985, he served on the company's main board as legal director, playing a key role in the group's expansion, through acquisition, into mainland Europe.
Last re-elected to the Board: 10 July 2003
Committee membership: Audit, Management Engagement, Nomination and Remuneration.
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: Nil

Arthur MacMillan *Director*

Status: Independent Non-executive Director
Age: 42
Length of service: He was appointed a Director in January 2000.
Relevant experience and other directorships: He is the chief executive of Clyde Marine plc (formerly Clyde Shipping Limited), a group which manufactures deck equipment for sail and power boats. Before joining Clyde Marine plc in 1995, he was a corporate financier with West Merchant Bank and Samuel Montagu & Co Limited in London. He is also a director of Gartmore SNT plc, a split capital investment company.
Last re-elected to the Board: 8 July 2004
Committee membership: Audit (Chairman), Management Engagement, Nomination and Remuneration.
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 9,000 Ordinary shares

Charles Stuart-Menteth *Director*

Status: Independent Non-executive Director
Age: 54
Length of service: He was appointed a Director in January 2000.
Relevant experience and other directorships: He was founder and chief executive of Datavault plc, the largest independent records management company in the UK until it was sold in February 1999. Prior to that he was managing director of a venture capital company and has also worked in the engineering and banking sectors. He is now a business angel seeking to invest in and help early stage businesses.
Last re-elected to the Board: 8 July 2004
Committee membership: Audit, Management Engagement, Nomination and Remuneration (Chairman).
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 100,000 Ordinary shares

Fiona Wollocombe *Director*

Status: Independent Non-executive Director
Age: 41
Length of service: She was appointed a Director on 20 May 2004.
Relevant experience and other directorships: From 1993 to 2000, she was responsible for giving market related advice on corporate finance, specifically for UK small cap companies, at NatWest Markets and worked on the formation of the UK ECM function at BT Alex Brown where she was appointed head of the UK mid & small cap team for equity capital markets. From 2000 to 2003, she was managing director responsible for the European Mid & SmallCap equities team at Deutsche Bank, which involved overseeing the marketing of smaller companies, including sales, trading, equity capital markets and corporate finance for a wide variety of sectors, including unquoted investments. She was also an active member of the corporate finance team giving market related advice on flotations, block trades, market tactics in takeover bids and pricing of secondary issues. She is a director of Artemis AIM VCT 2 PLC.
Last re-elected to the Board: 8 July 2004
Committee membership: Audit, Management Engagement, Nomination and Remuneration.
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: Nil

Financial History

	28 February 2005	29 February 2004	28 February 2003	28 February 2002	28 February 2001[1]
Assets					
Net assets	£28,556,000	£28,367,000	£30,381,000	£34,170,000	£36,432,000
Cumulative returns to Shareholders since launch					
Net Asset Value total return[2] (without tax reliefs)	90.2%	86.6%	90.7%	98.7%	103.0%
Net Asset Value total return[2] (with tax reliefs[4])	114.0%	110.1%	113.7%	121.0%	124.6%
Total return[3] (without tax reliefs)	86.3p	83.2p	86.8p	93.9p	97.8p
Total return[3] (with tax reliefs[4])	106.3p	103.2p	106.8p	113.9p	117.8p
Ordinary shares					
Net Asset Value	75.7p	73.7p	79.0p	88.6p	95.0p
Share price	51.5p	53.5p	60.0p	65.0p	99.5p
Discount/(premium) to Net Asset Value	32.0%	27.4%	24.1%	26.6%	(4.7%)
Ordinary shares issued during the year	–	–	–	–	38,298,158
Ordinary shares issued under dividend reinvestment during the year	–	120,338	170,698	189,663	67,118
Shares bought back during the year	752,728	87,000	262,680	–	–
Ordinary shares in issue at year end	37,743,567	38,496,295	38,462,957	38,554,939	38,365,276

[1] 59 week period ended 28 February 2001
[2] With dividends re-invested
[3] Sum of current Net Asset Value and dividends paid to date
[4] Income tax relief at 20%

Source: Aberdeen Asset Managers Limited, except share price (Datastream/Factset).

Dividends

Year ended February	Payment date	Interim/final	Rate (p)
2001	8 December 2000	Interim	1.0
	13 July 2001	Final	1.8
2002	7 December 2001	Interim	1.0
	22 July 2002	Final	1.5
2003	10 December 2002	Interim	1.0
	18 July 2003	Final	1.5
2004	12 December 2003	Interim	0.5
	16 July 2004	Final	1.2
2005	10 December 2004	Interim	0.5
	22 July 2005	Proposed final	0.6
Total			**10.6**

Analysis of Unlisted and AIM Portfolio

As at 28 February 2005

FT Industrial Sector	Valuation £'000	%
Unlisted		
Transport	2,612	12.4
Support Services	2,548	12.1
Media & Entertainment	2,478	11.7
Food Producers & Processors	2,126	10.1
Engineering & Machinery	2,100	9.9
Health	1,713	8.1
Leisure & Hotels	1,297	6.1
Household Goods & Textiles	700	3.3
Software & Computer Services	221	1.1
Telecommunication Services	76	0.4
General Retailers	48	0.2
Construction & Building Materials	–	–
Oil & Gas	–	–
	15,919	**75.4**
AIM		
Support Services	1,830	8.7
Media & Entertainment	1,156	5.5
Health	1,101	5.2
Engineering & Machinery	601	2.8
Software & Computer Services	508	2.4
	5,196	**24.6**
	21,115	**100.0**

Deal Type	Number	Valuation £'000	%
Unlisted			
Development Capital	20	7,830	37.1
Management Buy-outs	9	6,738	31.9
Management Buy-ins	3	888	4.2
Acquisition Finance	3	463	2.2
	35	**15,919**	**75.4**
AIM			
Development Capital	11	5,196	24.6
	46	**21,115**	**100.0**

Chairman's Statement

Performance

The Net Asset Value (NAV) at 28 February 2005 was 75.7p per share ("pps") compared with 73.7pps at 29 February 2004.

The Manager has increased the Company's exposure to the Alternative Investment Market ("AIM") during the course of the year and the Board is pleased to report that, to date, this policy has been successful.

Over the full year, the value of the unlisted portfolio is broadly unchanged when new investments and realisations are taken into account. This has been achieved despite a full provision having been taken against the cost of Tuscan Energy Group, one of the largest holdings by value at 29 February 2004, and a substantial reduction in the value of Synexus, compared to the value at the Interim stage. That value had been based on a prospective sale of the business, which was anticipated to complete within a few months following the Interim Announcement, but the sale could not complete when the proposed purchaser encountered difficulties with its own market value.

The Company has suffered a significant reduction in its income during the year. The majority of this reduction is accounted for by provisions taken against the accumulated income due from Tuscan Energy, which arose in earlier years and was carried on the balance sheet into the reporting year and against which a provision has now been taken to reflect the fact that the amounts are unlikely to be recovered. Provisions have also been taken against income due from investments where the Manager believes that there is some doubt as to the recoverability of the income; it is important to emphasise that these provisions do not indicate that the amount is being forgiven and the Manager will pursue recovery of these amounts before and during an exit from the investment. A further factor has been the early repayment of loan stocks by some companies during the year. The effect of these reductions in income has been to reduce the level of final dividend being proposed.

Investment strategy

The Board continues to review the performance of the investment portfolio, and the investment strategy, with the Manager. Progress has been made on the agreed prime objectives in respect of the existing portfolio, although it may be some time yet before the benefits of portfolio management are seen in improved realisations. The Manager continues to press for the resumption of yield payments to the Company from the portfolio companies which have been unable to meet their obligations due to their performance. The aim is to generate value and, ultimately, achieve successful disposals from a stronger position in an improved market. Where it is believed that future potential from an investment justifies it, further financial support will be given. It will also be the aim to sell underperforming investments and to recycle the proceeds into opportunities which show greater growth potential.

The Company is not fully invested and will continue to invest in new unquoted and AIM investment opportunities as they arise. Where possible, new investment activity will be targeted on larger companies through co-investment with other private equity funds. While many of the unlisted holdings are not yet mature enough to actively seek exits, these will be pursued where any offer is particularly attractive.

Valuation process

Investments held by Murray VCT 4 in unlisted companies are valued at fair value in accordance with the British Venture Capital Association guidelines. In line with normal market practice for investment companies and investment trusts, investments listed on AIM are valued at their mid-market price, discounted to reflect any trading restrictions.

Dividends and returns to date

The Board declared an interim dividend for the year ended 28 February 2005 of 0.5pps (2004 – 0.5pps), which was paid to Shareholders on 10 December 2004. The Board is proposing a final dividend of 0.6pps (2004 – 1.2pps), to be paid on 22 July 2005 to Shareholders on the register at close of business on 24 June 2005.

Since the Company's launch, most Shareholders will have received 10.6pps in tax-free dividends. The total return since launch is 86.3pps, being the sum of dividends paid plus NAV, for a Shareholder who subscribed at launch at an effective initial investment cost of 80pps.

The most important measures for a VCT are the long term record of income and capital gains dividend payments and the timing of these payments over the life of the Company. In the short term, the NAV on its own is a less important measure of performance as the underlying investments are long-term in nature and not readily realisable.

Share buy-back policy

During the year, a total of 752,728 shares were bought back for cancellation, at a weighted average price of 52.25pps and an aggregate cost, including all expenses, of £395,000.

Purchases of shares will continue to be made within guidelines established from time to time by the Board, at prices below the prevailing NAV per share. Under the rules of the UK Listing Authority, the maximum price at which the Company can acquire shares is 5% above the average market value of the shares over the five business days immediately preceding the purchase. Shares purchased in this way will be cancelled and the Company will only deal with member firms of the London Stock Exchange. Share purchases will be funded from distributable reserves and to the extent that shares are purchased at a discount to NAV, the NAV of the remaining shares will increase.

Constitution of the Board

As announced on 22 March 2005, having attained the age of 70, I will stand down as Chairman after the Annual General Meeting to be held on 6 July 2005 and, at that time, Mrs Fiona Wollocombe will take my place as Chairman of the Company. For my part, I am willing to remain a Director of the Company and will be standing for annual re-election at the Annual General Meeting.

Also as announced on 22 March 2005, Mr W E Holt resigned as a Director on 21 March 2005 and I would like to take this opportunity to thank Mr Holt for his guidance and support during his time in office.

The Directors have considered the constitution of the Board and believe that it can operate satisfactorily and more economically with the four current Directors. Therefore, there are no plans to recruit another Director at this time. I hope that these changes, along with those mentioned below in relation to the Manager and the Annual Report, meet with your approval and acceptance; the Board has already received positive feedback from a number of Shareholders.

The Manager

You will be aware that, on 8 February 2005, the Company announced that it had given notice, under the terms of its management contract, with the intention of awarding the management contract to Close Venture Management at the end of the notice period. The Board subsequently entered into negotiations with Murray Johnstone Limited ("Murray Johnstone"), the existing Manager, and, further to the announcement made on 24 March 2005, the Board announced on 12 May 2005 that the Company had entered into a new Management and Administration Deed with Murray Johnstone, which confirmed Murray Johnstone's continuing appointment for the portfolio management and company secretarial responsibility for the Company. The Board also announced on 12 May 2005 that the notice of termination served on Murray Johnstone, which was to expire on 8 August 2005, had been withdrawn.

In future, the management fee will be largely dependent upon the uplift in NAV achieved each year with a minimum fee, substantially below the historic fee, payable where an increase is not achieved. The Board believes these arrangements, which align the interests of Shareholders and the Manager, are in the best interests of the Shareholders. The key features of the new Management and Administration Deed are included in the Directors' Report on pages 21 and 22.

During the period immediately following the announcement of 8 February 2005, a number of Shareholders wrote to the Company expressing views which were critical of the amount of information which was contained in the Company's previous Annual Reports. The Board and the Manager have considered those views and, as a result, a greater level of disclosure has been provided in this year's Annual Report.

Outlook

Since Autumn 2004, there have been significant changes to the senior management team of the Manager and intense negotiations regarding changes in the management contract. That period has now passed and the Manager's priority is to continue the improvement in NAV which has been achieved over the course of the year.

Anthony Whitworth
Chairman
3 June 2005

Investment Manager's Report

Investment activity
Further unlisted investment during the year ended 28 February 2005 totalled £6.1 million. At 28 February 2005, the portfolio stood at 46 investments with a total cost of £27.0 million. In addition to follow-on financings, the following new investments have been made since the publication of the Interim Report:-

Working People Group (September 2004) - £216,000: Working People Group trades as Driver Hire and provides temporary labour to the logistics market throughout the UK from its base in Bingley, Yorkshire.

Cello Group* (October 2004) - £751,000: Cello is based in London and aims to consolidate niche businesses in the marketing and media industry.

1st Dental Laboratories* (November 2004) - £301,000: 1st Dental is based in Harrogate and provides dental laboratory services from locations throughout the UK.

Careforce Group* (November 2004) - £501,000: Careforce is based in Hertford and provides domiciliary care services.

Augean* (December 2004) - £501,000: Augean is based near Wetherby and provides waste management services.

Avanti Screen Media* (December 2004) - £196,000: Avanti provides media advertising via screens in retail and other outlets from its London base.

Sanastro (December 2004) - £750,000: Sanastro is a business to business publishing company which is based in London.

Tanfield* (December 2004) - £501,000: Tanfield is based in Co Durham and is a specialist engineering and manufacturing group.

* Quoted on AIM

Portfolio developments
In the Interim Report, the early repayment of loan stock by Black Teknigas was reported; since then, Link Up Mitaka has also repaid its loan stock (£204,000) ahead of the schedule agreed at the time of the investment, together with interest which had been rolling up in addition to the paid yield.

Further proceeds of £234,000 were received from Conveco during the period since publication of the Interim Report. This brings to £2,073,000 the total capital recovered from the investment which, together with interest paid of £236,000, compares with the total cost of the investment of £2,386,000; we expect that further recoveries will be made as the final retention money associated with the sale are finalised.

Since the year end, the Company has sold the investment in First Line for a consideration of £631,000, including a deferred element of £61,000, which compares to the cost of the investment of £641,000. Income of £246,000 has been received over the life of the investment.

Exits from the majority of the portfolio of private equity investments are not being actively sought, but will be pursued in cases where the Manager believes that the potential upside from the investment is limited.

Outlook
The Manager will continue to make new investments, on a selective basis, arising out of the deal flow through the regional network of offices, provided the pricing of new opportunities remains attractive.

Murray Johnstone Limited
Manager
3 June 2005

Summary of Investment Changes

For the year ended 28 February 2005

	Valuation 29 February 2004		Net investment/ (disinvestment)	Appreciation/ (depreciation)	Valuation 28 February 2005	
	£'000	%	£'000	£'000	£'000	%
Unlisted investments						
Equities	3,574	12.6	1,007	(384)	4,197	14.7
Preference shares	702	2.5	80	10	792	2.8
Loan stocks	12,184	43.0	(1,296)	42	10,930	38.2
	16,460	**58.1**	**(209)**	**(332)**	**15,919**	**55.7**
AIM investments						
Equities	516	1.8	3,447	1,233	5,196	18.2
Listed investments						
Fixed income	5,374	18.9	963	(66)	6,271	22.0
Total investments	**22,350**	**78.8**	**4,201**	**835**	**27,386**	**95.9**
Other net assets	6,017	21.2	(4,847)	–	1,170	4.1
Total assets	**28,367**	**100.0**	**(646)**	**835**	**28,556**	**100.0**

Investment Portfolio Summary

As at 28 February 2005

Investment	Nature of business	Valuation 28/2/05 £'000	% of total assets	Bookcost 28/2/05 £'000	Valuation 29/2/04 £'000
Unlisted					
TLC (Tender Loving Childcare)	Operator of day care nurseries	1,516	5.3	1,516	1,321
PSCA International	Producer of publications aimed at public sector officials	1,211	4.2	750	1,125
Transys Projects	Engineering services to the rail industry	1,200	4.2	825	894
Heathcotes Restaurants	Restaurant chain and providers of outside catering	976	3.4	975	771
Synexus	Management of clinical trials	927	3.2	927	927
TMI Foods	Manufacturer of cooked bacon and vegetable products	878	3.1	750	530
RMS Europe	Provider of stevedoring and ships agency services	771	2.7	771	–
Sanastro	Business to business financial publishing	750	2.6	750	–
ScotNursing	Provider of temporary and agency nursing care staff	750	2.6	750	750
Transrent Holdings	Rental and sale of trailers	718	2.5	644	530
Room 2	Retailer of textiles, furniture, lighting & home accessories.	700	2.5	700	625
First Line	Automotive aftermarket parts	632	2.2	641	403
Enterprise Food Group	Supply chain and management services bakery	598	2.1	598	598
ELE Advanced Technologies	Precision engineering	588	2.1	641	641
Mining Communications	Publisher of specialist trade journals	563	2.0	750	750
Astraeus	Charter airline	550	1.9	550	550
PLM Dollar Group	On-shore helicopter services	402	1.4	402	402
Link Up Mitaka	Language management business	398	1.4	398	601
House of Dorchester	Chocolate manufacturer	325	1.1	650	650
GW1016	Operator of managed public houses	322	1.1	590	429
Black Teknigas	Manufacturer of gas controls	311	1.1	180	420
Voxsurf	Software development	221	0.8	662	221
Swan Plant Services	Grounds maintenance plant hire	215	0.8	330	250
Driver Hire	Supplier of temporary drivers	171	0.6	171	–
Citel Technologies	Integrated solutions for the telephony & communications sector	75	0.3	156	32
Unique Communications Group	TV production and communications consultancy	66	0.2	798	66
Conveco	Convenience stores	48	0.2	758	1,903
Businesshealth Group	Provider of health management services	37	0.1	548	135
Bibliotech Holding	Provider of internet services to the education sector	–	–	250	–
CCM Motorcycles	Motorcycle manufacturer	–	–	2,124	–
GW 665	Animation developer	–	–	9	–
Interak	Distributor of household items	–	–	530	–
Jupiter II	Building products	–	–	600	86
Mercury Inns Group	Public house management services	–	–	307	–
Tuscan Energy Group	Oil production company	–	–	850	850
		15,919	55.7	22,851	16,460

Investment	Nature of business	Valuation 28/2/05 £'000	% of total assets	Bookcost 28/2/05 £'000	Valuation 29/2/04 £'000
AIM					
Cello Group	Marketing and media services	946	3.3	751	–
Augean	Waste management	711	2.5	501	–
Careforce Group	Provider of domiciliary care services	690	2.4	501	–
Tanfield Group	Technical solutions and manufacturing group	601	2.1	501	-
Bond International Software	Human resources software	508	1.8	186	300
Public Recruitment Group	Public sector staffing in healthcare and education	432	1.5	467	-
1st Dental Laboratories	Provider of dental laboratory services	411	1.4	301	–
Fountains	Land management services	296	1.0	251	–
Avanti Screen Media	Provision of in-store media services to the retail and leisure sector	213	0.8	141	–
Award International	Sourcing and delivery of merchandising materials	210	0.8	350	-
Asfare	Manufacture and supply of equipment for the emergency services	178	0.6	188	216
		5,196	18.2	4,138	516
Listed fixed income					
Treasury 7.25% 2007		1,490	5.2	1,500	–
Treasury 7.5% 2006		1,465	5.1	1,473	–
Conversion 9.5% 2005		1,197	4.2	1,197	–
Treasury 4.5% 2007		1,065	3.8	1,068	–
Treasury 8.5% 2005		1,054	3.7	1,047	857
EIB 6% 2004		–	–	–	2,530
Treasury 5% 2004		–	–	–	968
Treasury 6.75% 2004		–	–	–	1,019
		6,271	22.0	6,285	5,374
Total		**27,386**	**95.9**	**33,274**	**22,350**

Largest Unlisted and AIM Investments

TLC (TENDER LOVING CHILDCARE) LIMITED

Children's nursery care
Incorporated in England and Wales

	2005	2004
Holding details as at 28 February	**£'000**	**£'000**
Cost of investment	1,516	1,321
Directors' valuation	1,516	1,321
Effective equity interest	24.2%	24.2%
Gross income received in the year	3	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

TLC specialises in the provision of full day nursery care and out of school care for children up to 11 years. The company bases its operations primarily in NHS related nurseries. The business is based in Rugby.

Murray VCT 4 participated in the development capital funding in November 2000.

	2003	2002
Year ended 31 December	**£'000**	**£'000**
Turnover	2,214	1,208
Loss before interest and tax	(488)	(577)
Loss before tax	(926)	(909)
Loss after tax	(926)	(909)
Preference share dividend	–	–
Ordinary share dividend	–	–
Net assets attributable to ordinary and preference shareholders	(2,318)	(1,395)
Earnings per ordinary share	(474.6p)	(473.2p)
Dividend per preference share	–	–
Preference dividend cover	–	–
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

PSCA INTERNATIONAL LIMITED

Government sector publishing
Incorporated in England and Wales

	2005	2004
Holding details as at 28 February	**£'000**	**£'000**
Cost of investment	750	750
Directors' valuation	1,211	1,125
Effective equity interest	7.6%	7.6%
Gross income received in the year	63	49
Basis of valuation	Earnings	Earnings
Cumulative realisation proceeds	–	–

The business is a producer of high quality publications that are aimed at public sector officials in central and local government. The company is based in Newcastle under Lyme, Staffordshire and employs 85 people.

The management buy-out of PSCA International was completed in December 2002.

	2003
Year ended 31 December	**£'000**
Turnover	5,620
Profit before interest and tax	1,791
Profit before tax	1,323
Profit after tax	846
Preference share dividend	28
Ordinary share dividend	75
Net assets attributable to ordinary and preference shareholders	2,736
Earnings per ordinary share	890.5p
Dividend per preference share	4.75p
Preference dividend cover	30.2
Dividend per ordinary share	78.9p
Ordinary dividend cover	10.9

The accounts for the year ended 31 December 2003 were the first statutory accounts published by the company.

Note: Unless otherwise stated, all of the deals featured on pages 13 to 17 were led, structured and arranged by Aberdeen Murray Johnstone Private Equity.

TRANSYS PROJECTS LIMITED

Provider of engineering solutions to the rail industry
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000	2004 £'000
Cost of investment	825	825
Directors' valuation	1,200	894
Effective equity interest	21.6%	21.6%
Gross income received in the year	83	41
Basis of valuation	Earnings	Earnings
Cumulative realisation proceeds	–	–

Transys Projects provides engineering solutions to the rolling stock and train operating companies within the rail industry. The services provided range from engineering and design consultancy through to the design, subcontracted manufacture and fitting of equipment such as automatic sanders and train protection warning systems. The business is based in Birmingham.

The management buy-out was completed in April 2002. Subsequent to the accounting periods shown below, the company's trading and profitability had improved significantly by the end of 2004, with a further increase in activity levels forecast for 2005.

Year ended 31 December	2003 £'000	2002 £'000
Turnover	5,024	3,927
Profit before interest and tax	241	554
(Loss)/profit before tax	(138)	298
(Loss)/profit after tax	(145)	208
Preference share dividends	1	1
Ordinary share dividends	–	–
Net assets attributable to ordinary and preference shareholders	672	818
Earnings per ordinary share	(80.3p)	113.7p
Dividend per preference share	14.5p	9.7p
Preference dividend cover	–	215
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

HEATHCOTES RESTAURANTS LIMITED

Operator of restaurants and outside catering facilities
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000	2004 £'000
Cost of investment	975	975
Directors' valuation	976	771
Effective equity interest	19.1%	19.1%
Gross income received in the year	–	–
Basis of valuation	Earnings	Earnings
Cumulative realisation proceeds	–	–

Heathcotes Restaurants is a restaurant chain, which operates ten restaurants in the North of England and an outside catering division predominantly providing corporate hospitality services.

The initial investment was completed by Aberdeen Murray Johnstone Private Equity in April 2001. A total investment of £2.5 million by clients of Aberdeen Murray Johnstone Private Equity has been undertaken on a tranched basis to fund the roll out of the restaurant chain.

Year ended 28 February	2004 £'000	2003 £'000
Turnover	Not disclosed	1,249
Profit before interest and tax	57	169
(Loss)/profit before tax	(28)	6
Loss after tax	(27)	(2)
Preference share dividend	–	–
Ordinary share dividend	–	–
Net assets attributable to ordinary and preference shareholders	641	667
Earnings per ordinary share	(0.1p)	–
Dividend per preference share	–	–
Preference dividend cover	–	–
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

Heathcotes Restaurants does not produce consolidated accounts as it takes advantage of the medium sized group exemption. The figures above represent the trading results for Heathcotes Restaurants, which incorporates the trading results of the group's Manchester and Longridge restaurants. In the year ended 29 February 2004, the group's unaudited consolidated operating loss was £130,000 on sales of £6.6 million.

CELLO GROUP PLC

Provider of marketing and media services
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000
Cost of investment	751
Directors' valuation	946
Effective equity interest	2.7%
Gross income received in the year	–
Basis of valuation	Mid-market price
Cumulative realisation proceeds	–

Cello Group is a consolidator of niche businesses in the marketing and media services industry. Brand names include Edinburgh based Leith Agency

Murray VCT 4 first invested in Cello Group in October 2004 in a placing, when the company was admitted to AIM.

Year ended 31 December	2004 £'000
Turnover	9,401
Profit before interest and tax	1,261
Profit before tax	1,297
Profit after tax	859
Ordinary share dividends	–
Net assets attributable to ordinary shareholders	33,505
Earnings per ordinary share	7.23p
Dividend per ordinary share	–
Ordinary dividend cover	–

SYNEXUS LIMITED

Management of clinical trials
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000	2004 £'000
Cost of investment	927	927
Directors' valuation	927	927
Effective equity interest	12.7%	12.7%
Gross income received in the year	–	–
Basis of valuation	Turnover multiple	Turnover multiple
Cumulative realisation proceeds	–	–

Synexus is one of the UK's leading clinical trials patient recruitment organisations serving the international pharmaceutical industry. It operates from eleven clinical research centres throughout the UK, with its head office in Chorley, Lancashire.

The management buy-out was completed in February 2001.

Year ended 31 March	2004 £'000	2003 £'000
Turnover	6,441	6,183
Loss before interest and tax	(305)	(313)
Loss before tax	(841)	(843)
Loss after tax	(819)	(823)
Preference share dividend	–	–
Ordinary share dividend	–	–
Net assets/(liabilities) attributable to ordinary and preference shareholders	(1,632)	(813)
Earnings per ordinary share	(8.3p)	(8.3p)
Dividend per preference share	–	–
Preference dividend cover	–	–
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

TMI FOODS LIMITED

Manufacturer of bacon products
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000	2004 £'000
Cost of investment	750	750
Directors' valuation	878	530
Effective equity interest	23.5%	23.5%
Gross income received in the year	75	68
Basis of valuation	Earnings	Earnings
Cumulative realisation proceeds	–	–

TMI Foods cures and cooks bacon products for the catering and food retail sectors. The business is based in Northampton and employs 130 members of staff. The management buy-out was completed in January 2003.

Year ended 31 December	2004 £'000	2003 £'000
Turnover	12,158	11,126
Profit before interest and tax	825	642
Profit before tax	616	335
Profit after tax	463	279
Preference share dividends	6	3
Ordinary share dividends	–	–
Net assets attributable to ordinary and preference shareholders	1,371	946
Earnings per ordinary share	151.7p	91.7p
Dividend per preference share	13.0p	6.0p
Preference dividend cover	82.3	108
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

RMS EUROPE LIMITED

Port operator
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000
Cost of investment	771
Directors' valuation	771
Effective equity interest	9.2%
Gross income received in the year	29
Basis of valuation	Cost
Cumulative realisation proceeds	–

RMS Europe operates ports at Goole, on the Humber Estuary, and at Flixborough and Gunness on the River Trent, providing stevedoring and ships agency services together with the storage and onward transport of materials.

The management buy-out was completed in July 2004 and audited report and accounts for the first period of trading have not yet been produced.

SANASTRO PLC

Financial publishing
Incorporated in England and Wales

Holding details as at 28 February	2005 £'000
Cost of investment	750
Directors' valuation	750
Effective equity interest	9.6%
Gross income received in the year	Nil
Basis of valuation	Cost
Cumulative realisation proceeds	–

Sanastro is a business to business financial publishing company based in London. A pre-IPO financing was carried out to acquire Laffertys, an established financial publishing business with a corporate events arm.

It is anticipated that an AIM listing will take place within the coming 18 months.

Audited report and accounts for the first period of trading have not yet been produced.

SCOTNURSING LIMITED

Provider of agency nursing and care staff
Incorporated in Scotland

Holding details as at 28 February	2005 £'000	2004 £'000
Cost of investment	750	750
Directors' valuation	750	750
Effective equity interest	18.7%	18.7%
Gross income received in the year	–	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

ScotNursing is a provider of agency nursing care staff and increasingly is focussing on the homecare sector. The company is based in Clydebank, near Glasgow, and operates from a network of 19 branches.

Year ended 31 March	2004 £'000	2003 £'000
Turnover	12,650	11,278
(Loss)/profit before interest and tax	(241)	158
(Loss)/profit before tax	(454)	40
(Loss)/profit after tax	(429)	93
Preference share dividends	Nil	Nil
Ordinary share dividends	Nil	Nil
Net assets attributable to ordinary shareholders and preference shareholders	42	500
Earnings per ordinary share	(£3.20)	£3.83
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

Murray VCT 4 PLC

Directors' Reports & Financial Statements

Year ended 28 February 2005

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 28 February 2005.

Review of the business
A review of the Company's operations is given in the Chairman's Statement on pages 7 and 8 and in the Investment Manager's Report on page 9.

Results and dividends
The profit on ordinary activities after taxation, for the year ended 28 February 2005, was £282,000 (2004 – £291,000). An interim dividend of 0.5p per share was paid on 10 December 2004 to Shareholders on the register at close of business on 12 November 2004. The Directors now recommend a final dividend for the year of 0.6p per Ordinary share payable on 22 July 2005 to Ordinary Shareholders on the register at close of business on 24 June 2005 and a resolution to this effect will be proposed at the Annual General Meeting. The sum of £131,000 has been transferred from the Company's reserves (2004 – £364,000).

The Net Asset Value per Ordinary share at 28 February 2005 was 75.7p (2004 – 73.7p). The Net Asset Value per Ordinary share has been calculated using the number of shares in issue at 28 February 2005 of 37,743,567 (2004 – 38,496,295).

Purchase of Ordinary shares
During the year ended 28 February 2005, within the established guidelines, a total of 752,728 Ordinary shares of 10p each (1.96% of the Ordinary shares in issue at 29 February 2004) were purchased at a weighted average price of 52.25p per share and an aggregate cost of £395,000.

Subsequent to the year end, and up to 31 May 2005, a further 454,786 Ordinary shares were purchased at 56.75p per share and an aggregate cost of £259,000.

A special resolution, numbered 8 in the notice of Annual General Meeting, will be put to Shareholders for their authority to purchase in the market a maximum of 14.99% of Ordinary shares in issue (5,589,588 Ordinary shares) at 31 May 2005. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is the earlier. This means, in effect, that the authority will have to be renewed at the next Annual General Meeting of the Company.

Purchases of Ordinary shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its Shareholders taken as a whole. Purchases will be made in the market for cash only at prices below the prevailing Net Asset Value per Ordinary share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 10p per share. In making purchases, the Company will deal only with member firms of the London Stock Exchange. Shares which are purchased will be cancelled. Purchases of Ordinary shares by the Company will be made from reserves and the purchase price will normally be paid out of cash balances held by the Company from time to time.

The purchase of Ordinary shares by the Company is intended to provide liquidity in the shares and enhance the Net Asset Value for the remaining Shareholders. Since it is anticipated that any purchases will be made at a discount to Net Asset Value at the time of purchase, the Net Asset Value of the remaining Ordinary shares in issue should increase as a result of any such purchase.

Shares will not be purchased by the Company in the period of two months immediately preceding the notification of the Company's interim results and the two months immediately preceding the preliminary announcement of the annual results or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement.

Issue of new Ordinary shares
Resolution numbered 9 in the Notice of Meeting will be put to Shareholders at the Annual General Meeting for their approval to issue up to an aggregate nominal amount of £372,887 (equivalent to 3,728,870 Ordinary shares or 10% of the total issued share capital at 31 May 2005). Further issues of new Ordinary shares may only be made at a premium to Net Asset Value per share, thus ensuring existing investors will not be disadvantaged by such issues. The proceeds of any issue may be used to purchase the Company's Ordinary shares in the market or to fund further investments in accordance with the Company's investment policy. This authority shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first to occur.

When shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 provides that existing Shareholders have pre-emption rights and that the new shares are offered first to such Shareholders in proportion to their existing shareholdings. However, Shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing Shareholders. Resolution 10 will, if passed, give the Directors power to allot for cash, Ordinary shares up to an aggregate nominal amount of £372,887 (equivalent to 3,728,870 Ordinary shares or 10% of the total issued share capital at 31 May 2005) as if Section 89(1) does not apply. This is the same amount of share capital that the Directors are seeking the authority to allot pursuant to resolution 9. The authority will also expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first to occur. The Company will not use this authority in connection with a rights issue.

Directors

Biographies of the Directors, who held office during the year under review, are shown on pages 2 and 3.

The Company's Articles of Association provide that, once a Director has passed the age of 70, he should submit himself for re-appointment each year. As Mr A E Whitworth, whose biography appears on page 2, has attained the age of 70 and, notice having been given to the Company pursuant to Sections 293 and 379 of the Companies Act 1985, Resolution No.7 on the Notice of Annual General Meeting proposes an Ordinary Resolution for his re-appointment.

Also in accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years and, accordingly, Mrs F E Wollocombe, whose biography appears on page 3, retires by rotation at the Annual General Meeting and, being eligible, offers herself for re-election. Resolutions to this effect will be proposed at the Annual General Meeting.

No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the share capital of the Company are as follows:

	28 February 2005 **Ordinary shares of 10p**	**29 February 2004** **Ordinary shares of 10p**
A E Whitworth (Chairman)	10,000	10,000
W E Holt (resigned 21 March 2005)	–	–
A G MacMillan	9,000	9,000
C G Stuart-Menteth	100,000	100,000
F E Wollocombe (appointed 20 May 2004)	–	–

There have been no changes to the above share interests since the end of the financial year. All of the interest shown above are beneficial.

Manager and Company Secretary

Murray Johnstone Limited ("the Manager"), a wholly-owned subsidiary of Aberdeen Asset Management PLC, provides investment management, accounting, secretarial and administrative services to the Company.

In respect of the year ended 28 February 2005, the management and secretarial fees payable to the Manager have been calculated and charged on the following basis:

(a) an investment management fee of 2.5%, in respect of the six months ended 31 August 2004, and 1.75% thereafter (2004 – 2.5%), per annum of the gross assets of the Company; and

(b) a secretarial fee of £65,839 (2004 – £64,227) per annum, which was previously subject to an annual adjustment to reflect movement in the retail prices index.

The effects of the investment management fee for the year ended 28 February 2005 are detailed in Note 3 on page 37.

As highlighted in the Chairman's Statement on page 8, the Board have recently re-negotiated the terms of the Manager's appointment. The key features of the new Management and Administration Deed with Murray Johnstone Limited include:

- the new Management and Administration Deed operates for an initial period to 31 August 2006 and is thereafter capable of termination by three months' notice being given by either the Company or the Manager. It also contains, inter alia, provisions regarding termination for material breach and the Company having the right to terminate with immediate effect subject to the payment of fees in lieu of notice; and

- the Company will pay, to the Manager, a performance related fee which is subject to a minimum amount being payable. Such minimum amount is based on a gross assets test or a net assets test and, for the period from 1 March 2005 to 31 August 2005, will be calculated by using the percentage of 0.4735% per quarter of a gross asset test; for the period from 1 September 2005 to 31 August 2006 will be calculated by using the percentage of 0.125% per quarter of a net asset test; and, thereafter, will be calculated by using the percentage of 0.25% per quarter of a net asset test. The performance fee is calculated as 20% of the increase in Net Asset Value over a 6 month or 12 month period, taking into consideration distributions made over that period, subject to an overall cap of £1.25 million and the minimum amount due. The Manager is also entitled to receive a fixed administrative and secretarial fee of £50,000 per annum.

The Board considers that the continued appointment of the Manager, on the agreed terms, is in the best interests of the Company and its Shareholders.

Corporate governance

The Statement of Corporate Governance is shown on pages 25 to 29.

Principal activity and status

The Company is no longer an investment company within the meaning of Section 266 of the Companies Act 1985, having revoked such status with effect from 23 October 2001. However, its affairs have been conducted, and will continue to be conducted, in a manner to satisfy the conditions to enable it to continue to obtain approval as a venture capital trust under Section 842AA of the Income and Corporation Taxes Act 1988. The Inland Revenue will grant Section 842AA status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that Section.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements, as the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future.

Creditor payment policy

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

Annual General Meeting

The notice of the Annual General Meeting, which will be held on 6 July 2005, is contained on pages 49 and 50.

Auditors

The Auditors, Ernst & Young LLP, have expressed their willingness to continue in office.

A resolution to re-appoint Ernst & Young LLP as the Company's Auditors will be put to the forthcoming Annual General Meeting, along with a further resolution to authorise the Directors to fix their remuneration.

123 St Vincent Street
Glasgow G2 5EA
3 June 2005

By order of the Board
Murray Johnstone Limited
Secretary

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary Resolution for the approval of this report will be put to the Members of the Company at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 31.

Remuneration Committee

At 28 February 2005, the Company had five non-executive Directors, reducing to four following the resignation of Mr W E Holt on 21 March 2005. The whole Board fufils the function of a Remuneration Committee, which is chaired by Mr C G Stuart-Menteth. The names of the Directors who served during the year are shown on page 24, together with the fees paid during the year. The Directors expect, from time to time, to review the fees paid to the boards of directors of other venture capital trust companies.

Policy on Directors' remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole, be fair and comparable to that of other venture capital trusts with a similar capital structure and similar investment objectives. It is intended that this policy will continue for the year ended 28 February 2006 and subsequent years.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third party specified by him. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £100,000 per annum. The Company's policy is that fees payable to the Directors should reflect the time spent by them on the Company's affairs and should be sufficient to enable candidates of a high quality to be recruited. Non-executive Directors are not eligable for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

During the year ended 29 February 2004, the Renumeration Committee carried out a review of the level of Directors' fees and concluded that, with effect from 1 September 2003, the amounts payable per annum should increase to £15,000 (previously £12,000) for the Chairman and £10,500 (previously £9,000) for each other Director. These were the first increases since January 2000 and the policy is to continue to review these rates from time to time.

Directors' and Officers' liability insurance

The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, nor does it form part of the Directors' remuneration.

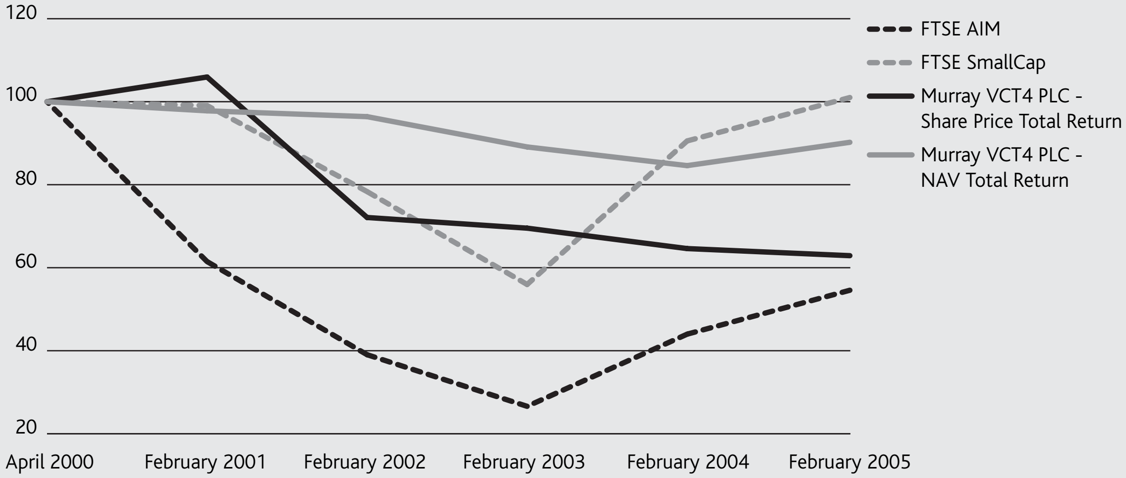
Directors' service contracts

None of the Directors has a contract of service or contract for services and a Director may resign by giving notice in writing to the Board at any time; there are no set notice periods. All Directors are appointed for an initial period of three years; this period may be varied by mutual consent. The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors, therefore, shall retire and be subject to re-election at the first Annual General Meeting following their appointment and, thereafter, shall be obliged to retire by rotation, with the option to offer themselves for re-election, at least every three years. Any Director who attains the age of 70 is subject to annual re-election. No compensation is payable for loss of office, save any arrears of fees which may be due.

Company performance

The graph on page 24 compares the total return on an investment of £100 in the Ordinary shares of the Company, for each accounting period from inception to 28 February 2005, assuming all dividends are reinvested, with the total shareholder return on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE AIM and FTSE SmallCap indices are calculated. These indices were chosen for comparison purposes as they are the most relevant to the Company's investment portfolio.

Total return performance (p)



Source: Aberdeen Asset Managers Limited/Factset
Please note that past performance is not necessarily a guide to future performance.

Directors' emoluments for the year (audited)

The following emoluments were receivable by the Directors who served during the year:

Directors	Year ended 28 February 2005 £	Year ended 29 February 2004 £
A E Whitworth (Chairman)	15,000	13,500
S J Dobbie CBE (resigned 10 July 2003)	–	3,236
W E Holt (appointed 17 April 2003; resigned 21 March 2003)	10,500	8,600
Sir Gavin Laird CBE (resigned 10 July 2003)	–	3,375
A G MacMillan*	10,500	9,750
C G Stuart-Menteth	10,500	9,750
F E Wollocombe (appointed 20 May 2004)	8,198	–
Total	**54,698**	**48,211**

* In respect of the year ended 29 February 2004, and the subsequent six month period to 31 August 2004, Mr A G MacMillan's fees were paid to Clyde Marine plc; thereafter, the fees were paid to him in person.

No Director has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 28 February 2005 (2004 – nil).

Approval

The Directors' Remuneration Report on pages 23 and 24 was approved by the Board of Directors and signed on its behalf by:

A E Whitworth
Director

3 June 2005

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. The Board has put in place a framework for corporate governance that it believes is appropriate for a venture capital trust and which enables it to comply with the new the Combined Code prepared by the Committee on Corporate Governance and published in July 2003.

The Listing Rules of the Financial Services Authority require the Board to report on compliance with the provisions of the Combined Code throughout the year ended 28 February 2005. The exceptions to Compliance with the new Combined Code, which are explained more fully under the headings of "The Board" and "Directors' Remuneration", were as follows:

- a senior non-executive Director has not been appointed; and
- as the Company is a venture capital trust and all of its Directors are non-executive, the Company is not required to comply with the principles of the Combined Code in respect of executive Directors' remuneration.

The Board

Following the resignation of Mr W E Holt on 21 March 2005, the Board currently consists of four Directors, all of whom are considered to be independent of the investment manager ("Murray Johnstone Limited" or "the Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement.

The biographies of the Directors appear on pages 2 and 3 of this report and indicate their high level and range of investment, industrial, commercial and professional experience.

The Board meets at least four times a year and between these meetings maintains contact with the Manager. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- appointment and removal of the Manager and the terms and conditions of the management and administration agreements;
- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company, ranging from comparable investment performance through to annual budgeting and quarterly forecasting;
- Companies Act requirements such as the approval of the Interim and Annual Financial Statements and approval and recommendation of the interim and final dividends;
- major changes relating to the Company's structure, including share buy-backs and share issues;
- Board appointments and related matters;
- terms of reference and membership of Board Committees; and
- Stock Exchange, UK Listing Authority and Financial Services Authority matters, such as approval of all circulars, listing particulars and releases concerning matters decided by the Board.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense.

The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board for:

- ensuring that Board procedures are complied with;
- under the direction of the Chairman, ensuring good information flows with the Board and its committees; and
- advising on corporate governance matters.

When a Director is appointed, the Manager will arrange for a tailored induction meeting, covering details about the Company, the Manager, legal responsibilities and venture capital industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive Director. A senior non-executive Director has not been appointed as all of the Directors are non-executive and the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead. Consequently, no individual has unfettered powers of decision.

During the year ended 28 February 2005, the Board met five times. In addition, there were two meetings of the Audit and Nomination Committees and one each of the Management Engagement and Remuneration Committees. The primary focus of quarterly Board meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues.

Directors have attended scheduled Board and Committee meetings during the year ended 28 February 2005 as follows:

Director	Board meetings	Audit Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
A E Whitworth (Chairman)	5	2	1	2	1
W E Holt (resigned 21 March 2005)	5	2	1	2	1
A G MacMillan	4	2	1	2	1
C G Stuart-Menteth	4	1	1	2	1
F E Wollocombe (appointed 20 May 2004)	4	2	1	2	1

In addition to the scheduled meetings noted above, the Directors have also held meetings as and when required.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. The Directors make further enquiries when necessary.

External agencies

The Board has contractually delegated to external agencies, including the Manager, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Committees

Each of the Committees has been established with writtern terms of reference and comprise the full Board, the members of which are all independent and free from any relationship that would interfere with important judgement in carrying out their responsibilities. The terms of reference of each of the Committees, which are available on request, are reviewed and re-assessed for their adequacy at each meeting.

Audit Committee

The Committee, comprising the full Board and chaired by Mr A G MacMillan, discharges its responsibilities through:

- the review of the effectiveness of the internal control environment of the Company including by receiving reports from internal and external auditors on a regular basis;
- the review of the Interim and Annual Reports and Financial Statements;
- the review of the terms of appointment of the Auditors, together with their remuneration, as well as any non-audit services provided by the Auditors;
- the review of the scope and results of the audit and the independence and objectivity of the Auditors;
- the review of the Auditors' management letter and the management response; and
- meetings with representatives of the Manager.

The Chairman of the Company is a member of the Committee, as the other Directors consider his input to be of value to its deliberations. Two meetings were held during the year.

The Company's external Auditors are Ernst & Young LLP. Shareholders are asked to approve the annual re-appointment and the Directors' responsibility for the remuneration of the Auditors at each Annual General Meeting. The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditors, so as to safeguard their independence and objectivity. This is achieved by prohibiting non-audit work where independence may be compromised or conflicts arise. Any non-audit work, other than interim reviews, requires specific approval of the Audit Committee in each case.

Details of the amounts paid to the Auditors during the year for audit and other services are set out in Note 4 to the Financial Statements on page 37.

Management Engagement Committee

A Management Engagement Committee has been established comprising all of the Directors. The Chairman of the Committee is the Chairman of the Company. It annually reviews the management contract with Murray Johnstone Limited, details of which are shown on pages 21 and 22. There were two meetings held during the year ended 28 February 2005 and the Committee met again in March and April 2005 to consider the management contract.

Nomination Committee

The Nomination Committee considers and makes recommendations in respect of the appointment of new Directors and comprises the full Board. The Chairman of the Company is Chairman of the Nomination Committee.

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board;
- succession planning;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time; and
- the appointment of any Director to another office, such as Chairman of the Audit Committee, other than to the position of Chairman.

Mr A E Whitworth, having attained the age of 70, retires and seeks annual re-election at the Annual General Meeting. At its meeting in January 2005, the Nomination Committee recommended to the Board the nomination of Mr Whitworth on the basis of his knowledge, experience and the signficant contribution that he continues to make to the deliberations of the Board.

Also at its meeting in January 2005, the Nomination Committee recommended to the Board the nomination for re-election of Mrs F E Wollocombe on the basis of her extensive knowledge of the smaller companies sector and her experience in corporate finance, flotations and market tactics in takeover bids and the pricing of secondary issues. The Board greatly values the breadth of her experience and her committed and independent approach to the business of the Company.

Renumeration Committee and Directors' Remuneration

Under the UK Listing Authority Listing Rule 26.9(d), where a venture capital trust has only non-executive Directors, the Combined Code principles relating to Directors' remuneration do not apply. However, the Company does have a Remuneration Committee, chaired by Mr C G Stuart-Menteth and comprising the full Board.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The remuneration of each Director is detailed in the Directors' Remuneration Report on page 24.

Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the Articles of Association, stand for election at the first Annual General Meeting following their appointment.

The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Any Director who attains the age of 70 is subject to annual re-election.

Relations with Shareholders

The Company places a great deal of importance on communication with its Shareholders. The Company has adopted a nominee code, which ensures that, where notification has been received in advance, nominee operators will be provided with copies of Shareholder communications for distribution to their customers. Investors whose shares are held on their behalf by nominees, may attend general meetings and speak, when invited by the Chairman.

The Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting as required under Code Provision C2.4. The notice of Annual General Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 20 to 22. Separate resolutions are proposed for each substantive issue. The results of proxy voting are relayed to Shareholders at the Annual General Meeting, after each resolution has been dealt with on a show of hands.

Annual and Interim reports and Financial Statements are widely distributed to Shareholders and other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager and the Company responds to letters from Shareholders on a wide range of issues. All Shareholders have direct access to the Company via the shareholder information service run by Aberdeen Asset Management and have the opportunity to put questions at the Company's Annual General Meeting.

Accountability and audit

The Directors' Statement of Responsibilities in Relation to the Financial Statements is on page 30 and the Statement of Going Concern is included in the Directors' Report on page 22.

The Independent Auditors' Report is on page 31. It should be noted that the Auditors, Ernst & Young LLP, rotate the partner responsible for the Company's audit every five years.

Internal control

The Board of Directors of Murray VCT4 PLC has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board and accords with the guidance for directors on internal control "Internal Control: Guidance for Directors on the Combined Code" ("the Turnbull guidance").

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company to Murray Johnstone Limited, a subsidiary of Aberdeen Asset Management PLC, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by an internal audit function, which undertakes periodic examination of business processes, including compliance with the terms of the Management and Administration Deed, and ensures that recommendations to improve controls are implemented.

Risks are identified through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the Turnbull guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk model identify those functions most appropriate for review. Any errors or weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the year under review and up to the date of this report are:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course, the compliance department of Aberdeen Asset Management PLC continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- the Board carries out an annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The Internal Audit Committee of Aberdeen Asset Management PLC reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time. The Board has reviewed the effectiveness of the system of internal control, and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed. The Company's Audit Committee agenda includes an item for the consideration of risk and control and receives reports thereon from the Manager.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement of loss.

Exercise of voting powers

The Company has approved a voting policy which, in summary, is based on the governance recommendations of the Combined Code, with the intention of voting in accordance with best practice whilst maintaining a primary focus on financial returns.

The Directors believe that the exercise of voting rights lies at the heart of regulation and promotion of corporate governance and, in respect of the Company's investments, the Board has given discretionary voting powers to the Manager. The Manager votes against resolutions that it considers might damage Shareholders' rights or economic interests and gives due weight to what it considers to be socially responsible investment when making investment decisions, but the overriding objective is to produce good investment returns for Shareholders.

Statement of Directors' Responsibilities in Relation to the Financial Statements

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements.

The Directors are responsible for ensuring that proper accounting records are maintained, which enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and, therefore, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Murray VCT 4 PLC

We have audited the Company's Financial Statements for the year ended 28 February 2005, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet, Cash Flow Statement, and the related Notes 1 to 19. These Financial Statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' are responsible for preparing the Annual Report, including the Financial Statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities in relation to the Financial Statements. The Directors are also responsible for preparing the Directors Remuneration Report.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises the Corporate Summary, Your Board, Financial History, Dividends, Analysis of Unlisted and AIM Portfolio, Chairman's Statement, Investment Managers' Report, Summary of Investment Changes, Investment Portfolio Summary, Largest Unlisted and AIM Investments, Directors' Report, the unaudited part of the Directors' Remuneration Report, Statement of Corporate Governance, Venture Capital Trusts, Tax Position of Individual Investors, Notice of Meeting and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Financial Statements give a true and fair view of the state of affairs of the Company as at 28 February 2005 and of its profit for the year then ended; and
- the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Edinburgh

3 June 2005

Profit and Loss Account

For the year ended 28 February 2005

	Notes	Year ended 28 February 2005 Revenue £'000	Capital £'000	Total £'000	Year ended 29 February 2004 Revenue £'000	Capital £'000	Total £'000
Investment income and deposit interest	2	1,093	–	1,093	1,518	–	1,518
Investment management fees	3	(284)	(426)	(710)	(358)	(536)	(894)
Other expenses		(220)	–	(220)	(221)	–	(221)
Operating profit	4	589	(426)	163	939	(536)	403
Profit/(loss) on realisation of investments	8	–	714	714	–	(32)	(32)
Amounts written off fixed asset investments	8	–	(569)	(569)	–	–	–
Profit on ordinary activities before taxation		589	(281)	308	939	(568)	371
Tax on ordinary activities	5	(158)	132	(26)	(254)	174	(80)
Profit on ordinary activities after taxation		431	(149)	282	685	(394)	291
Dividends	6	(413)	–	(413)	(655)	–	(655)
Balance transferred to/(from) reserves	13	**18**	**(149)**	**(131)**	**30**	**(394)**	**(364)**
Earnings per share (pence)	7	**1.1**	**(0.4)**	**0.7**	**1.8**	**(1.0)**	**0.8**

Statement of Total Recognised Gains and Losses

For the year ended 28 February 2005

	Notes	Year ended 28 February 2005 Revenue £'000	Capital £'000	Total £'000	Year ended 29 February 2004 Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities after taxation		431	(149)	282	685	(394)	291
Unrealised gain/(loss) on revaluation of investments	8	–	690	690	–	(1,777)	(1,777)
Current taxation attributable to unrealised losses on investments	5	158	(132)	26	254	(174)	80
Total recognised gains and losses relating to the year	15	**589**	**409**	**998**	**939**	**(2,345)**	**(1,406)**

The accompanying Notes are an integral part of the Financial Statements.

Note of Historical Cost Profits and Losses

For the year ended 28 February 2005

	Notes	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Profit on ordinary activities before taxation		308	371
Realisation of revaluation losses of previous years	8	(1,331)	(675)
Historical cost loss on ordinary activities before taxation		**(1,023)**	**(304)**
Historical cost loss for the year retained after taxation and dividends		**(1,153)**	**(836)**

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The accompanying Notes are an integral part of the Financial Statements.

Balance Sheet

As at 28 February 2005

	Notes	28 February 2005 £'000	28 February 2005 £'000	29 February 2004 £'000	29 February 2004 £'000
Fixed assets					
Investments	8		27,386		22,350
Current assets					
Debtors	10	1,382		1,363	
Cash and overnight deposits		260		5,461	
		1,642		6,824	
Creditors					
Amounts falling due within one year	11	472		807	
Net current assets			1,170		6,017
Net assets			**28,556**		**28,367**
Capital and reserves					
Called up share capital	12		3,774		3,849
Share premium account	13		17,235		17,236
Revaluation reserve	13		(5,214)		(6,952)
Capital redemption reserve	13		111		36
Profit and loss account	13		12,650		14,198
Equity Shareholders' funds	15		**28,556**		**28,367**
Net Asset Value per Ordinary share (pence)	14		**75.7**		**73.7**

The Financial Statements were approved by the Board of Directors on 12 May 2005 and were signed on its behalf by:

A E Whitworth
Director
3 June 2005

The accompanying Notes are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 28 February 2005

		Year ended 28 February 2005		Year ended 29 February 2004	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Operating activities					
Investment income received		1,007		1,200	
Deposit interest received		13		9	
Investment management fees paid		(627)		(1,145)	
Secretarial fees paid		(50)		(80)	
Cash paid to and on behalf of Directors		(53)		(53)	
Other cash payments		(94)		(118)	
Net cash inflow/(outflow) from operating activities	16		196		(187)
Financial investment					
Purchase of investments		(11,834)		(9,064)	
Sale of investments		7,387		6,251	
Net cash outflow from financial investment			(4,447)		(2,813)
Equity dividends paid			(649)		(770)
Net cash outflow before financing			(4,900)		(3,770)
Financing					
Issue of Ordinary shares		(1)		154	
Repurchase of Ordinary shares		(300)		(41)	
Net cash (outflow)/inflow from financing			(301)		113
Decrease in cash	**17**		**(5,201)**		**(3,657)**

The accompanying Notes are an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 28 February 2005

1. Accounting Policies

(a) Basis of preparation

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments.

Although the Company is no longer an investment company, as investment company status was revoked in order to permit the distribution of capital profits, the Directors believe that the presentation of the Profit and Loss Account and the statement of total recognised gains and losses is enhanced by showing the returns attributable to revenue and capital. In this respect, the investment management fee has been allocated 40% to revenue and 60% to capital to reflect the Company's investment policy and prospective income and capital growth. These statements differ from the statement of total return usually presented by investment trust companies in the following respects:

– gains and losses on disposal of investments and permanent diminutions in value (restricted to the cost of each investment) are included in the Profit and Loss Account;
– unrealised gains and losses are taken direct to the revaluation reserve are included in the Statement of Total Recognised Gains and Losses; and
– all investment management fees, other expenses and taxation are charged to the Profit and Loss Account.

(b) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares. Provision is made for any fixed income not expected to be received.

Interest receivable from cash and short term deposits and interest payable are accrued to the end of the year.

(c) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Profit and Loss Account except as follows:

– expenses which are incidental to the acquisition of an investment are included within the cost of the investment; and
– expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but have not been reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Taxation relief is allocated between revenue and capital, using the marginal basis. Therefore, the tax effect of different items of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

(e) Investments

In valuing unlisted investments, the Directors follow the criteria set out below. These procedures comply with the British Venture Capital Association guidelines for the valuation of private equity and venture capital investments, with the exception of those quoted on the Alternative Investment Market or listed on a recognised stock exchange. Investments are valued at fair value, which represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

1. Investments completed within the 12 months prior to the reporting date, and those at an early stage in their development, are normally valued at cost, except that adjustments are made when there has been a material change in trading circumstances of the company or a substantial movement in the relevant sector of the stock market.
2. Whenever practical, investments will be valued by reference to a recent material arm's length transaction or a quoted price.

3. Mature companies are valued at fair value by applying a multiple to an identifiable stream of fully taxed maintainable earnings to determine the enterprise value of the company. In determining equity valuation, financial instruments ranking ahead of those owned by the shareholders are deducted before a discount, in the range of 10% to 30%, is applied to the resulting net enterprise value to reflect the lack of marketability of the holding.

4. All unlisted investments are valued individually by Aberdeen Murray Johnstone Private Equity's Portfolio Management Team. The resultant valuations are subject to detailed scrutiny and approval by the Directors of Murray VCT 4 PLC.

In accordance with normal market practice, investments quoted on the Alternative Investment Market or listed on a recognised stock exchange are valued at their mid market price, discounted where necessary to reflect any trading restrictions.

(f) Gains and losses on investments

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the revaluation reserve, unless the Directors believe that there has been a permanent diminution in value, in which case the write-down (restricted to the cost of investment) is charged directly to the profit and loss account. When an investment is sold, or where a permanent diminution in value is recognised, any balance held on the revaluation reserve is transferred to the profit and loss account as a movement on reserves.

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
2. Investment income and deposit interest		
Income from investments:		
UK franked investment income	77	43
UK unfranked investment income	689	1,107
Income from participating interests	256	359
	1,022	1,509
Interest receivable and similar income:		
Deposit interest	15	5
Other income	56	4
	71	9
Total income	**1,093**	**1,518**

	Year ended 28 February 2005			Year ended 29 February 2004		
	£'000	£'000	£'000	£'000	£'000	£'000
3. Investment management fees	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Investment management fees	242	363	605	305	456	761
Irrecoverable VAT	42	63	105	53	80	133
	284	**426**	**710**	**358**	**536**	**894**

Details of the fee basis are contained in the Directors' Report on pages 21 and 22.

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
4. Operating profit is stated after charging:		
Directors' remuneration	55	48
Fees to Auditors - audit fee	13	14
other	4	–

5. Tax on ordinary activities

The tax charge for the year is reduced by the tax consequences of unrealised losses on loan relationships reflected in the Statement of Total Recognised Gains and Losses.

	Profit and loss account	Statement of total recognised gains and losses	Total
2005	**£'000**	**£'000**	**£'000**
Corporation tax	26	(26)	–
Total current tax for period	**26**	**(26)**	**–**
2004			
Corporation tax	80	(80)	–
Total current tax for period	**80**	**(80)**	**–**

Factors affecting the tax charge for the year

The tax charge for the year shown in the Profit and Loss Account is lower than the standard rate of corporation tax in the UK of 30%. (2004:30%). The differences are explained below:

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Profit on ordinary activities before tax	**308**	**371**
Profit on ordinary activities multiplied by standard rate of corporation tax	92	112
Effect of brought forward expenses	(26)	–
Effect of realised gains not taxable	(214)	9
Fixed asset investment write down not deductable	171	–
Effect of marginal relief	–	(28)
Tax attributable to unrealised loss on investments	26	–
Effect of income not subject to taxation	(23)	(13)
	26	**80**

No provision for deferred tax has been made in the current or prior accounting period.

The Company has not recognised a deferred tax asset of £177,293 (2004: £212,327) arising as a result of having unutilised management expenses. These losses will only be utilised if the tax treatment of capital gains made by approved venture capital trusts, or the Company's investment profile, changes.

	Year ended 28 February 2005	Year ended 29 February 2004
6. Dividends	**£'000**	**£'000**
Interim dividend of 0.5p (2004 - 0.5p)	190	193
Proposed final dividend of 0.6p (2004 - 1.2p)	226	462
Overaccrual in prior year	(3)	–
	413	**655**

7. Earnings per share	**Year ended 28 February 2005**	**Year ended 29 February 2004**
The returns per share have been based on the following figures:		
Average number of Ordinary shares	38,112,746	38,525,640
Profit on ordinary activities after taxation	£282,000	£291,000

	Year ended 28 February 2005		
	Listed	Unlisted and AIM	Total
8. Investments	**£'000**	**£'000**	**£'000**
Valuation at 1 March 2004	5,374	16,976	22,350
Purchases	5,533	6,155	11,688
Value of investments sold	(4,507)	(2,166)	(6,673)
Amortisation of book cost	(100)	–	(100)
Amounts written off fixed asset investments	–	(569)	(569)
Net (decrease)/increase in value of investments	(29)	719	690
Valuation at 28 February 2005	**6,271**	**21,115**	**27,386**

	Shares in participating interests £'000	Loans to participating interests £'000	Other investments £'000
Constituted:			
Listed Investments	–	–	6,271
Unlisted investments			
Valuation at 1 March 2004	691	3,553	12,732
Purchases	–	196	5,959
Value of investments sold	–	(220)	(1,946)
Amounts written off fixed asset investments	–	–	(569)
Net increase/(decrease) in value of investments	235	(2)	486
	926	3,527	16,662
Valuation at 28 February 2005	**926**	**3,527**	**22,933**

On a historical cost basis the movement in investments is as follows:

	Year ended 28 February 2005		Year ended 29 February 2004	
	£'000	£'000	£'000	£'000
Cost at beginning of year		29,690		27,517
Purchases	11,688		9,210	
Sales proceeds	(7,387)		(6,251)	
Transfer of unrealised losses realised during the year	(1,331)		(675)	
Profit/(loss) on realisation of investments	714		(32)	
		3,684		2,252
Amortisation of book cost		(100)		(79)
Cost at end of year		**33,274**		**29,690**
Unrealised loss		(5,888)		(7,340)
Valuation at year end		**27,386**		**22,350**

The cost of unlisted and AIM investments at 28 February 2005 was £26,989,000 (2004 - £20,365,000).

During the year, Unlisted and AIM investments in Avanti Screen Media, Bond International Software and Driver Hire were sold for a total of £376,000 against a cost of £173,000. In addition, loan stock in Black Teknigas, Conveco, Driver Hire and Link Up Mitaka were sold for a total of £2,540,000 against a cost of £2,096,000.

The net unrealised loss on the unlisted investments at 28 February 2005 was £5,874,000, comprising £2,893,000 unrealised gains and provisions of £8,767,000 (2004 - net unrealised loss of £7,389,000, comprising £1,000,000 unrealised gains and provisions of £8,389,000).

As stated in accounting policy (e)4 on page 37, investments quoted on AIM or listed on a recognised stock exchange are valued at their mid market price, discounted where necessary to reflect any trading restrictions. Had these holdings been valued on a bid price basis at 28 February 2005, the valuation of investments would have been reduced by £154,000.

9. **Participating Interests**

The principal activity of the Company is to select and hold a portfolio of investments in unlisted securities. Although the Company will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unlisted securities may result in certain holdings in holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

At 28 February 2005, the Company held shares amounting to 20% or more of the nominal value of the equity capital of the following undertakings:

Investment	% of class held	28 February 2005 % of equity held	Total cost £'000	Carrying value £'000	Latest accounts period end	Aggregate capital and reserves £'000	Profit/(loss) after tax for period £'000
Black Teknigas Limited*							
64,706 B ordinary shares	50.0	22.0	180	311	31/3/04	986	246
50 preference shares	50.0						
GW 665 Limited							
9,259 ordinary shares	23.1	23.1	9	–	30/6/04	154	5
GW 1016 Limited*							
1,287 B ordinary shares	12.9	21.0	590	322	N/A	N/A	N/A
£589,866 loan stock 2011	21.4						
House of Dorchester Holdings Limited							
1,235 B ordinary shares	61.8	24.7	650	325	31/12/03	248	(239)
650 preference shares	65.0						
£454,350 secured loan stock 2009	65.0						

Investment	% of class held	% of equity held	Total cost £'000	Carrying value £'000	Latest accounts period end	Aggregate capital and reserves £'000	Profit/(loss) after tax for period £'000
	28 February 2005						
TLC (Tender Loving Childcare) Limited							
46,469 B ordinary shares	48.9	24.2	1,516	1,516	31/12/03	(2,318)	(926)
489 preference shares	48.9						
£488,643 loan stock 2007	48.9						
£582,082 loan notes 2007	48.9						
£195,659 loan notes 2009	48.9						
TMI Foods Limited*							
70,944 B ordinary shares	50.0	23.5	750	878	31/12/03	946	279
5,000 preference shares	50.0						
£520,000 loan stock	50.0						
Transys Project Limited*							
38,119 B ordinary shares	50.0	21.6	825	1,200	31/12/03	672	(145)
5,000 preference shares	50.0						
£572,500 loan stock	50.0						

The results of the above companies have not been incorporated in the profit and loss account except to the extent of any income received and receivable.
The companies marked N/A have not produced audited accounts since inception.
* Other funds managed by members of the Aberdeen Asset Management group are also invested in the above companies.

At 28 February 2005, the Company held shares amounting to 20% or more of the nominal value of any class of share of the following unquoted undertakings

Investment	% of class held	Total cost £'000	Carrying value £'000
		28 February 2005	
Astraeus Limited*			
60,867 C ordinary shares	50.0	550	550
1,528 preference shares	15.3		
£487,605 loan notes 2007	50.0		
CCM Motorcycles Limited*			
484,118 A ordinary shares	24.0	2,124	–
408,291 B ordinary shares	39.1		
1,956 B preference shares	19.6		
£30,786 unsecured loan stock 2009	30.7		
£97,833 mezzanine instrument	19.6		
£436,345 loan stock	24.9		
ELE Advanced Technologies Limited			
12,175 B ordinary shares	25.6	641	588
256 preference shares	25.6		
£448,276 secured loan notes 2007	25.6		
Enterprise Food Group Limited*			
2,541 B ordinary shares	5.9	598	598
2,990 preference shares	29.9		
£415,610 loan stock 2010	29.9		
First Line Limited			
75,134 B ordinary shares	25.6	641	632
2,563 preference shares	25.6		
£445,979 loan stock 2007	25.6		

Investment	% of class held	28 February 2005 Total cost £'000	Carrying value £'000
Heathcotes Restaurants Limited*			
292,217 B ordinary shares	39.0	975	976
390 preference shares	39.0		
£682,981 loan stock 2008	39.0		
Interak Limited			
17,699 A ordinary shares	21.6	530	–
£370,000 loan stock	21.6		
Link Up Mitaka Limited			
1,298,000 B ordinary shares	26.5	398	398
132 preference shares	26.5		
Mercury Inns Limited*			
35,640 B ordinary shares	21.4	307	–
2,145 preference shares	21.4		
£111,234 loan stock 2008	21.4		
Mining Communications*			
46,753 B ordinary shares	45.5	750	563
4,545 preference shares	45.5		
£520,455 loan stock 2010	45.5		
PLM Dollar Limited*			
80,625 A ordinary shares	26.8	402	402
124,666 preference shares	26.8		
£133,929 loan stock 2010	26.8		
Public Services Communications Agency Limited*			
7,600 A ordinary shares	25.8	750	1,211
2,577 A preference shares	25.8		
£523,299 loan stock 2007	25.8		
RMS Europe*			
224,936 B ordinary shares	21.4	771	771
214 preference shares	21.4		
£546,254 institutional loan stock	21.4		
Room 2 PLC*			
283,247 C ordinary shares	50.0	700	700
500 B preference shares	50.0		
£437,000 loan stock 2009	50.0		
£75,000 loan stock	10.0		
ScotNursing Limited*			
2,678 B ordinary shares	62.5	750	750
6,250 preference shares	62.5		
£556,250 loan stock 2010	62.5		
Synexus Limited*			
1,156,483 B ordinary shares	23.2	927	927
232 preference shares	23.2		
£648,696 loan stock 2008	23.2		

	28 February 2005		
Investment	**% of class held**	**Total cost £'000**	**Carrying value £'000**
Tuscan Energy Group Limited*			
89,250 C ordinary shares	42.5	850	–
£165,750 loan stock 2006	8.5		
£595,000 loan stock 2007	8.5		
Voxsurf Limited			
57,829 A ordinary shares	49.5	662	221
520,462 C preference shares	49.5		
15,519,850 D preference shares	12.3		
220,726 loan stock 2008	12.3		

* Other funds managed by members of the Aberdeen Asset Management group are also invested in the above companies.

	28 February 2005	29 February 2004
10. Debtors	**£'000**	**£'000**
Current taxation	80	34
Prepayments and accrued income	1,302	1,175
Sundry debtors	–	154
	1,382	**1,363**

	28 February 2005	29 February 2004
11. Creditors	**£'000**	**£'000**
Amounts falling due within one year:		
Proposed final dividend	226	462
Accruals	146	40
Outstanding purchases	100	305
	472	**807**

	28 February 2005		29 February 2004	
12. Share capital	**Number**	**£'000**	**Number**	**£'000**
At end February, the authorised share capital comprised:				
allotted, issued and fully paid:				
Ordinary shares of 10p each				
Balance brought forward	38,496,295	3,849	38,462,957	3,846
Issued during year	–	–	120,338	12
Repurchased and cancelled in year	(752,728)	(75)	(87,000)	(9)
Balance carried forward	37,743,567	3,774	38,496,295	3,849
Unissued unclassified shares of 10p each	22,256,433	2,226	21,503,705	2,151
	60,000,000	**6,000**	**60,000,000**	**6,000**

During the year, no Ordinary shares (2004 - 120,338) of 10p each were issued under the dividend re-investment scheme for a total consideration of nil (2004 - £93,000). In addition, 752,728 Ordinary shares (2004 - 87,000) of 10p each were repurchased by the Company at a total cost of £395,000 (2004 - £46,000) and cancelled. Subsequent to the year end, and up to 31 May 2005, a total of 454,786 Ordinary shares were purchased and cancelled at a total cost of £259,000.

13. **Movement in reserves**	**Share premium account £'000**	**Revaluation reserve £'000**	**Capital redemption reserve £'000**	**Profit and loss account £'000**
	Year ended 28 February 2005			
At 1 March 2004	17,236	(6,952)	36	14,198
Repurchase and cancellation of shares	(1)	–	75	(395)
Transfer of realised losses to profit and loss account	–	1,331	–	(1,331)
Tax effect of transfer of losses to profit and loss account	–	(309)	–	309
Taxation attributable to unrealised loss on investments	–	26	–	–
Net increase in value of investments	–	690	–	–
Loss for year	–	–	–	(131)
At 28 February 2005	**17,235**	**(5,214)**	**111**	**12,650**

14. Net Asset Value per Ordinary share

The Net Asset Value per Ordinary share and the Net Asset Value attributable to the Ordinary shares at the year end calculated in accordance with the Articles of Association were as follows:

	28 February 2005		**29 February 2004**	
	Net Asset Value per share p	**Net Asset Value attributable £'000**	**Net Asset Value per share p**	**Net Asset Value attributable £'000**
Ordinary shares	**75.7**	**28,556**	**73.7**	**28,367**

The number of Ordinary shares used in this calculation is set out in Note 12 on page 43.

15. **Reconciliation of movements in Shareholders' funds**	**Year ended 28 February 2005 £'000**	**Year ended 29 February 2004 £'000**
Opening Shareholders' funds	28,367	30,381
Total recognised gains/(losses) for year	998	(1,406)
Net proceeds of issue of shares	(1)	93
Repurchase and cancellation of shares	(395)	(46)
Dividends appropriated	(413)	(655)
Closing Shareholders' funds	**28,556**	**28,367**

16. **Reconciliation of operating profit to net cash inflow/(outflow) from operating activities**	**Year ended 28 February 2005 £'000**	**Year ended 29 February 2004 £'000**
Operating profit	163	403
Increase in debtors	(127)	(429)
Increase in prepayments	–	(5)
Increase/(decrease) in accruals	106	(276)
Amortisation of fixed income investment book cost	100	79
Tax on unfranked income	(46)	41
Net cash inflow/(outflow) from operating activities	**196**	**(187)**

17. Analysis of changes in net funds

	At 1 March 2004 £'000	Cash flows £'000	At 28 February 2005 £'000
Cash and overnight deposits	5,461	(5,201)	260

	At 1 March 2003 £'000	Cash flows £'000	At 29 February 2004 £'000
Cash and overnight deposits	9,118	(3,657)	5,461

18. Capital commitments

	28 February 2005 £'000	29 February 2004 £'000
Unlisted investment commitments	540	540

19. Derivatives and other financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, overnight deposits and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The purpose of these financial instruments is efficient portfolio management. The Company may not enter into derivative transactions, in the form of forward foreign currency contracts, futures and options, without the written permission of the Directors.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement, (ii) interest rate risk and (iii) liquidity risk. In line with the Company's investment objective, the portfolio comprises UK securities and, therefore, has no exposure to foreign currency risk.

The Manager's policies for managing these risks are summarised below and have been applied consistently throughout the year. The numerical disclosures below exclude short-term debtors and creditors.

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 1. Adherence to investment guidelines and to investment and borrowing powers set out in the Management and Administration Deed mitigates the risk of excessive exposure to any particular type of security or issues and, in particular, no purchase can be made in any one company where this would result in a holding that would exceed 7.5% of the value of the Company's investments.

These powers and guidelines include the requirement to invest in a number of companies across a range of industrial and service sectors at varying stages of development, but with the emphasis on well established businesses. The Company complied with the stated investment guidelines and borrowing powers throughout the year ended 28 February 2005.

Further information on the investment portfolio is set out in the Analysis of Unlisted and AIM Portfolio on page 6, the Investment Manager's Report on page 9, the Summary of Investment Changes on page 10, the Investment Portfolio Summary on pages 11 and 12 and the Largest Unlisted and AIM Investments on pages 13 to 17.

(ii) Interest rate risk

	28 February 2005		
			Non-interest
	Fixed interest	**Floating rate**	**bearing**
	£'000	**£'000**	**£'000**
Sterling			
Listed	6,271	–	–
Unlisted and AIM	11,721	–	9,394
Cash	–	260	–
	17,992	**260**	**9,394**

	29 February 2004		
			Non-interest
	Fixed interest	**Floating rate**	**bearing**
	£'000	**£'000**	**£'000**
Sterling			
Listed	5,374	–	–
Unlisted and AIM	12,883	–	4,093
Cash	–	18	5,443
	18,257	**18**	**9,536**

The listed fixed interest assets have a weighted average life of 1.5 years (2004 - 0.8 years) and weighted average interest rate of 4.7% (2004 - 6.2%) per annum. These assets are held to provide liquidity for the unlisted investments. The floating rate assets consist of cash deposits on call. These assets are earning interest at prevailing money market rates. The unlisted assets have a weighted average life of 3.2 years (2004 4.0 years) and a weighted average interest rate of 11.3% (2004 - 11.4%). The non-interest bearing assets represent the equity element of the portfolio. All assets and liabilities of the fund are included in the Balance Sheet at fair value.

(iii) Liquidity risk

Due to their nature, unlisted investments may not be readily realisable and therefore a portfolio of listed assets is held to offset the liquidity risk.

Venture Capital Trusts

Venture Capital Trusts ("VCTs") are companies broadly similar to investment trusts and need to have been approved by the Inland Revenue. The conditions for approval are:

- a VCT's income must be derived wholly or mainly from shares or securities;
- no holding in any company can represent more than 15% by value of a VCT's investments;
- the shares making up a VCT's ordinary share capital must be traded on the London Stock Exchange and listed on the Official List of the UK Listing Authority; and
- a VCT must retain not more than 15% of its income derived from shares or securities.

Within the accounting period beginning not more than three years after application, the following requirements must be met:

- at least 70% by value of a VCT's investments must be in shares, or loans of at least five years, in "qualifying holdings"; and
- at least 30% by value of a VCT's qualifying holdings must be in ordinary shares.

Qualifying holdings

Qualifying holdings are defined as holdings of shares or securities (including loans of terms of at least five years duration) in unquoted companies (including companies whose shares are traded on the Alternative Investment Market), which exist wholly for the purpose of carrying on one or more qualifying trades wholly or mainly in the United Kingdom. The holding must consist of shares or securities which were first issued to and have been ever since continuously held by the VCT.

A qualifying trade is any other than:

- dealing in land, commodities, futures, shares or other financial instruments;
- dealing in goods other than in the course of an ordinary trade of wholesale or retail distribution;
- banking, insurance or other financial activities;
- leasing or receiving royalties or license fees with certain exceptions;
- providing legal or accountancy services;
- property development;
- farming or market gardening;
- holding, managing or occupying woodlands, any other forestry activities or timber production;
- operating or managing hotels or comparable establishments, or managing property used as an hotel or comparable establishment;
- operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home; and
- providing ancillary services to any of the above by a related party.

VCTs may count an investment of up to £1 million in total in a qualifying trading company in any one year towards the 70% qualifying trading company requirement, provided that the gross assets of the company do not exceed £15 million prior to the investment or £16 million following the investment (these qualifying limits were increased from £10 million and £11 million respectively for investments made after 5 April 1998).

Investments in qualifying companies held by VCTs at a time when such companies become quoted on the London Stock Exchange may be treated as investments in qualifying trading companies for up to a further five years.

Tax Position of Individual Investors

This section highlights the tax reliefs available to individual investors and the methods for claiming such tax reliefs.

1. Tax reliefs for individual investors resident in the UK

Investors must be individuals aged 18 or over to qualify for the tax reliefs below. Tax reliefs will only be given to the extent that an individual's total investments in venture capital trusts ("VCTs") in any tax year do not exceed the qualifying limit, which is currently £200,000.

Relief from income tax

An investor subscribing for new ordinary shares in a VCT will be entitled to claim income tax relief of up to 40 per cent on amounts subscribed up to a maximum of £200,000. This relief must be repaid should the shares be sold or otherwise disposed of within three years. Relief is limited to the amount which reduces the investor's income tax liability to nil. Relief of up to 40 per cent applies only to tax years 2004/05 and 2005/06 and, therefore, may be restricted to 20 per cent.

An investor who subscribes for or acquires up to the maximum number of ordinary shares in any given tax year will not be liable to UK income tax on dividends paid by a VCT, which may include realised capital gains by the VCT.

Relief from capital gains tax

A disposal by an investor of ordinary shares (whether acquired by subscription for new shares or subsequent acquisition) in a VCT will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is limited to disposals of ordinary shares acquired within the limit, currently £200,000, for any tax year.

On the death of an investor or a spouse who has acquired VCT shares within marriage, no deferred capital gains tax or income tax will become payable by either the investor, their spouse or anyone inheriting the VCT shares.

Shares acquired other than by subscription (i.e. existing shares)

An investor who acquires up to the permitted maximum of ordinary shares in a VCT in any year will be exempt from income tax on dividends from the VCT, which may include realised capital gains from investments made by the VCT and capital gains on disposal of the VCTs. The permitted maximum of £200,000 is the total of VCT shares subscribed for (new shares) and acquired (existing shares) in the tax year.

A loss on disposal of shares within the permitted maximum is not an allowable loss.

2. Obtaining tax reliefs

Claims for income tax relief on amounts subscribed for new ordinary shares

A venture capital trust will give each investor a certificate which the investor uses to claim income tax relief, either immediately by obtaining an adjustment to his tax coding from the Inland Revenue or by waiting until the end of the tax year and using his tax return to claim relief.

3. Investors who are not resident in the UK

Such investors should seek their own professional advice as to the consequences of making an investment in a venture capital trust as they may be subject to tax in other jurisdictions as well as in the UK.

This is a summary only of the law concerning the tax position of individual investors in VCTs. Any potential investor in doubt as to the taxation consequences of investment in a venture capital trust should consult a professional adviser.

Risk warnings

Past performance is not necessarily a guide to future performance. You should be aware that share values and income from them may go down as well as up and that you may not get back the amount you originally invested. Existing tax levels and reliefs may change and the value of reliefs depends on personal circumstances; in particular reliefs may be lost on ceasing to be a UK resident. An investment in a VCT carries a higher risk than other forms of investment. A VCT's shares, although listed, are likely to be illiquid. Prospective investors should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objective and policy and the three year period for which shareholders must hold their shares in order to retain their income tax reliefs. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and investments in such companies are substantially riskier than those in larger companies.

The tax reliefs are dependent on the VCT obtaining unconditional approval from the Inland Revenue. Reliefs will be given during a period when provisional approval only is in force, but if provisional approval is withdrawn all tax reliefs will be cancelled with retrospective effect. If unconditional approval is withdrawn, any tax reliefs are no longer available and substantial tax liabilities can be expected to be incurred by shareholders and the VCT.

Potential investors are strongly urged to seek independent professional advice when considering investment in a VCT.

Notice of Meeting

Notice is hereby given that the fifth Annual General Meeting of Murray VCT 4 PLC will be held on Wednesday 6 July 2005 at 2.15p.m. at 123 St Vincent Street, Glasgow G2 5EA, to transact the following business.

Ordinary Business

1. To receive the Directors' Report and audited Financial Statements for the year ended 28 February 2005.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend.
4. To elect Mrs F E Wollocombe* as a Director.
5. To re-appoint Ernst & Young LLP as Auditors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

7. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

   THAT Mr A E Whitworth, who attained the age of 70 on 12 February 2005, be reappointed as a Director of the Company.

8. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

   THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 10p each in the capital of the Company provided always that:

   (a) the maximum number of Ordinary shares hereby authorised to be purchased is 5,589,588 representing 14.99 per cent of the Company's issued Ordinary share capital as at 31 May 2005;

   (b) the minimum price which may be paid for an Ordinary share shall be 10p per share;

   (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be not more than the lower of (i) Net Asset Value per share; and (ii) 105 per cent of the average of the middle market quotations for an Ordinary share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Ordinary shares are purchased; and

   (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary shares which will or may be completed wholly or partly after such expiry.

9. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

   THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £372,887 (representing 10 per cent of the total Ordinary share capital in issue on 31 May 2005) during the period expiring (unless previously revoked, varied or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of 15 months from the passing of this resolution, whichever is the first to occur, save that the Company may make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.

10. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

    THAT, subject to passing of Resolution number 9 set out above, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity shares (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said Resolution number 9 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities;

    (a) during the period expiring on the earlier of the date of the Company's next Annual General Meeting or on the expiry of 15 months from the passing of this resolution, whichever is the first to occur, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power; and

    b) up to an aggregate nominal amount of £372,887 (representing 10 per cent of the total Ordinary share capital in issue on 31 May 2005).

123 St Vincent Street
Glasgow G2 5EA
3 June 2005

By order of the Board
Murray Johnstone Limited
Secretary

Notes:

1. No Director has any contract of service with the Company.
2. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, has specified that only those shareholders on the register of members of the Company as at 2.15p.m. on 4 July 2005 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 2.15p.m. on 4 July 2005 shall be disregarded when determining the rights of any person to attend or vote at the meeting.
3. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him/her.
4. A proxy need not be a Member. Appointment of a proxy need not preclude a Member from attending and voting at the meeting should he/she subsequently decide to do so.
5. Proxy forms and powers of attorney or other authority should be sent to the Company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive not less than 48 hours before the time fixed for the meeting.
6. The Register of Directors' Interests is kept by the Company in accordance with section 325 of the Companies Act 1985 and will be open for inspection at the meeting.

A reply-paid form of proxy for your use is enclosed.

* The biographies of the Directors are detailed on pages 2 and 3.

The Directors' Remuneration Report, referred to in Resolution 2, is on pages 23 and 24.

Details of Resolutions 3 to 10 are shown in the Directors' Report as follows:

Resolution 3	Page 20	Results and dividends
Resolutions 4 and 7	Page 21	Directors
Resolutions 5 and 6	Page 22	Auditors
Resolution 8	Page 20	Purchase of Ordinary shares
Resolutions 9 and 10	Pages 20 and 21	Issue of new Ordinary shares

Registered in England and Wales - Company Number 3908220

Corporate Information

Directors
A E Whitworth (Chairman)
W E Holt (resigned 21 March 2005)
A G MacMillan
C G Stuart-Menteth
F E Wollocombe

Manager & Secretary
Murray Johnstone Limited
123 St Vincent Street
Glasgow G2 5EA

Customer Services Department: freephone 0500 00 00 40
(open Monday to Friday 9am to 5pm)
Email: invtrusts@aberdeen-asset.com

Points of Contact
The Chairman and/or the Company Secretary at
123 St Vincent Street,
Glasgow G2 5EA
Email: company.secretary@invtrusts.co.uk

Website
www.aberdeen-asset.com

Registered Office
One Bow Churchyard
Cheapside
London EC4M 9HH

Registered in England and Wales
Company Registration Number: 3908220

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Shareholder Helpline: 0870 162 3100

Auditors
Ernst & Young LLP

Custodian Bankers
J P Morgan Chase Bank

Solicitors
S J Berwin

Stockbrokers
Close Brothers Securities

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen AB10 1YG
Tel 01224 631999 Fax 01224 647010

123 St. Vincent Street
Glasgow G2 5EA
Tel 0141 306 7400 Fax 0141 306 7401

02 1064_0605

Aberdeen